

Message Text

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ACTION AF-10

INFO OCT-01 ISO-00 SOE-02 AID-05 CEA-01 CIAE-00
COME-00 DODE-00 EB-08 DOE-15 H-01 INR-10 INT-05
L-03 NSAE-00 NSC-05 OMB-01 PM-05 ICA-11 OES-09
SP-02 SS-15 STR-07 TRSE-00 ACDA-12 SSO-00 /128 W
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R 101346Z JUL 78

FM AMEMBASSY NAIROBI

TO SECSTATE WASHDC 8727

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E. O. 11652: N/A

TAGS: ENGR, UG, KE

SUBJECT: OIL COMPANIES CUT SUPPLIES TO UGANDA

1. MAJOR OIL COMPANIES IN KENYA SUPPLYING UGANDA WITH PETROLEUM PRODUCTS HAVE DECIDED TO CUTOFF SUCH SUPPLIES IN EFFORT TO FORCE GENERAL AMIN TO PAY COUNTRY'S OUT-STANDING ARREARS WHICH AMOUNT AT PRESENT TO ABOUT 116 MILLION SHILLINGS.

2. EFFORT IS SPEARHEADED BY SHELL OIL(KENYA) BUT AMERICAN FIRMS ESSO AND MOBIL ARE ALSO PARTICIPATING IN CUTOFF. STOPPAGE WAS DISCUSSED WITH PERMSEC KARIITHI IN PRESIDENT KENYATTA'S OFFICE AND HAS ACQUIESCE OF GOK. J. REID, LOCAL SHELL CHAIRMAN, IS FLYING TO KAMAPALA JULY 10 FOR CONFRONTATION WITH AMIN OVER BILL AND HAS IN HAND SUGGESTED SCHEDULE OF REPAYMENT. OIL COMPANIES PROPOSING THAT UGANDA PAY 20 MILLION SHILLINGS A WEEK ON ARREARS AND PAY FOR FUTURE IMPORTS OF POL ON CASH BASIS. UGANDA IMPORTS ON ORDER OF 60-80 MILLION SHILLINGS WORTH OF POL PER MONTH IN NORMAL TIMES. OIL COMPANIES THUS PROPOSING FOR SHORT RUN TO DOUBLE

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UGANDA'S OIL PAYMENTS. LOCAL ESSO MANAGER FEELS THAT IF OIL COMPANY DEMANDS MET, UGANDA WILL NOT BE ABLE TO PAY BOTH THEIR ARREARS AND NORMAL SERVICE, AND THUS COUNTRY WILL FIND ITSELF IN PRODUCT SQUEEZE UNTIL REPAYMENT COMPLETED. EXPECTATION HERE IS THAT AMIN WILL HAGGLE OVER FIGURE, BUT WILL EVENTUALLY HAVE TO AGREE TO SOME REPAYMENT SCHEDULE.

3. COMMENT: WHILE GOK MAKES NO PRETENSE OF LIKING AMIN, THERE HAS BEEN REALIZATION OVER LAST SEVERAL MONTHS, IT IS EASIER TO TOLERATE HIM AND WORK TOWARD GRADUAL IMPROVEMENTS IN RELATIONS. ALONG WITH MACKENZIE MURDER, MOVE BY KENYA BASED OIL COMPANIES TO CUTOFF OIL SUPPLIES LIKELY TO SET THIS TREND BACK. JUST HOW FAR, OF COURSE, WILL DEPEND ON AMIN'S REACTION.
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Message Attributes

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Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PETROLEUM INDUSTRY, SUPPLIES
Control Number: n/a
Copy: SINGLE
Draft Date: 10 jul 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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